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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
JULY 1971

Volume 15

Number 12

Released Pursuant to \$1090.27 (j) and \$1090.85, USDA - C&MS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. E. Bobo, Market Administrator

MARKET SUMMARY - JULY 1971

The Chattanooga Order MINIMUM uniform producer milk prices per cwt. for deliveries f.o.b. pool plants (0-65 mile zone) are: Base Milk - \$6.09 and Excess Milk - \$4.77. These uniform prices are for milk testing 3.5% butterfat and will be adjusted by a butterfat differential of 8.0 cents for each one-tenth percent variation in producer test from the 3.5% standard. Producer milk prices are also subject to adjustment to the location of the plant at which milk was received per \$1090.53 and \$1090.74.

In July 1971, 56.1% producer milk received by pool plants was priced in Class I at \$6.91 per cwt. and 43.9% was priced in Class II at \$4.77 per cwt. The July 3.5% class prices were subject to a butterfat differential for Class I of 8.1 cents and Class II of 7.8 cents.

Total producer milk received during July 1971 was 38,347,043 pounds which is an increase of 7,360,639 pounds or 23.8% compared with July 1970. Deliveries of producer Base milk exceeded producer milk used in Class I by 12,908,568 pounds or percentagewise only 62.5% of Base milk was used in Class I. The July daily average deliveries from 882 producers was 1,402 pounds. This compares to 744 farms delivering a daily average of 1,343 pounds per day during July 1970.

PRODUCER MILK BASE NOTICE

Each producer for the Chattanooga marketing area will begin September 1, 1971, to establish a new milk base to be used in making payment to such producer during the months of March through July 1972. The 1972 daily average base will be computed by dividing each producer's total Grade A milk deliveries to a handler(s) during September 1, 1971 through January 31, 1972 by the number of days from the first day of delivery during such months to the last day of January, inclusive, but by not less than 120 days. Producers will be paid a uniform price for their total milk deliveries during August 1971 through February 1972. A producer base is assigned to the name (payroll account) as reported by the handler receiving the milk. Producers, particularly partnerships, are urged to see that their name(s) are correctly listed with the receiving plant and the Market Administrator.

INVITATION TO SUBMIT PROPOSALS TO AMEND VARIOUS FEDERAL ORDERS - INCLUDING CHATTANOOGA

Several cooperative associations have petitioned the Department to convene a hearing on proposed amendments to various Federal milk orders with respect to uniform classification provisions. It is contemplated that the hearing notice will be limited to the general subject of milk classification.

It is anticipated that a single hearing will be held but with three sessions. The sessions locations are Atlanta, Georgia, Dallas, Texas and Omaha, Nebraska. The first session, including Chattanooga, is now scheduled for October 18, 1971 in Atlanta.

Proposals and a brief supporting statement should be mailed in quadruplicate by September 23, 1971 to the Deputy Administrator, Regulatory Programs, C&MS, U. S. Department of Agriculture, Washington, D. C. 20250.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% July'71			
	Over	July	June	July
	July'70	1971	1971	1970
Number of Plants - Pool		8	7	6
- Non-Pool		13	13	15
<u>RECEIPTS POUNDS (DAILY AVERAGE)</u>				
Producer Milk	+23.8	1,237,001	1,241,946	999,561
Other Source	+ 8.1	30,533	29,447	28,235
Other Federal Orders	+ 8.5	104,555	75,405	96,350
TOTAL MILK RECEIPTS	+22.1	1,372,089	1,346,798	1,124,146
<u>UTILIZATION POUNDS (DAILY AVERAGE)</u>				
<u>Class I Uses</u>				
Homo Milk	- 4.6	416,866	396,127	436,989
Skim	+ 9.0	21,187	20,510	19,441
2% Milk	+34.8	129,074	121,015	95,720
Buttermilk	+12.5	57,526	56,260	51,148
Flavored Milk and Drink	+ 5.2	19,149	18,277	18,198
Creams (Sweet and Sour)	+ 5.7	3,639	3,360	3,443
Sub-Total - Pkg. Products (Pool Plants)	+ 3.6	647,441	615,549	624,939
Other (Shrinkage, Inventory, Yogurt, etc.)		5,615	3,398	1,335
Sales to Non-Pool Plants		98,608	89,560	99,937
In-Area Sales by Non-Pool Plants	-18.7	40,016	38,313	49,210
TOTAL CLASS I MILK	+ 2.1	791,680	746,820	775,421
<u>Class II Uses - Pool Plants</u>				
Ice Cream Mixes	- 6.1	67,497	67,048	71,909
Cottage Cheese	- 1.8	49,624	48,954	50,511
Powdered and Condensed Milk		-0-	2,818	-0-
Livestock Feed and Milk Dumped		8,394	6,243	7,173
Sub-Total - Used to Produce	- 3.1	125,515	125,063	129,593
Shrinkage Class II		16,666	14,230	13,088
Other (Inventory Variation, etc.)		(18,854)	3,795	586
Bulk Sales to Non-Pool Plants		457,082	456,890	205,458
TOTAL CLASS II MILK	+66.4	580,409	599,978	348,725
Class I Pkg. Lbs. In Area - Pool Plants	+ 6.7	485,025	464,528	454,535
Class I Pkg. Lbs. Out of Area-Pool Plants	- 4.7	162,416	151,021	170,404
Class I Pkg. Lbs. In Area - Non-Pool Plants	-18.7	40,016	38,313	49,210
% Producer Milk of Gross Class I		156.3	166.3	128.9
% Producer Milk Priced in Class I		56.1	56.1	71.6

JULY 1971 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

Per \$1090.73	B'Fat Use	Prod. Lbs.	Class B'Fat	Butterfat
	Percentage	Butterfat	Differential	Value
Class I	49.1	691,043	\$0.81	\$ 559,744.83
Class II	50.9	715,915	0.78	558,413.70
Total	100.0	1,406,958		\$1,118,158.53

Total Butterfat Value ÷ Total Producer fat pounds = \$0.794735

Producer Butterfat Differential per point variation above or
below 3.5 percent - - - - - -\$0.080

**COMPUTATION OF PRODUCER UNIFORM BASE AND EXCESS PRICES
AND WEIGHTED AVERAGE PRICE**

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July 1971	Class %	Milk Pounds	Butterfat Test - %	Cwt. Price @ Test	Gross Value
Gross Class I		24,542,087	3.136		
Less Other Source		3,048,053	2.575		
Producer Milk Class I	56.1	21,494,034	3.215046	\$6.679187	\$1,435,626.72
Gross Class II		17,992,682	4.184		
Less Other Source		1,139,673	3.230		
Producer Milk Class II	43.9	16,853,009	4.247995	5.353436	902,215.05
TOTAL PRODUCER MILK (Cl. I + Cl. II)	100.0	38,347,043	3.669013		\$2,337,841.77
Less Fractional Adjustment					.03
Less Handler Location Adjustment					9,431.93
Add Value of Overage					60.83
Add Value of Class I Other Source and Producer Location Adjustment		2,354	0.00		23,283.11
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					0.00
TOTAL VALUE AT TEST		38,349,397	3.668788	\$6.132440	\$2,351,753.75
Less Test over 3.5% @ 8.0¢ per point		38,349,397	.168788	0.135030	51,783.19
TOTAL UTILIZATION VALUE AT 3.5%		38,349,397	3.5	\$5.997410	\$2,299,970.56
Less Reserve per \$1090.71 (f)		38,349,397		.047410	
WEIGHTED AVERAGE PRICE - 3.5% TEST		38,349,397		\$5.95	
Less FMP from Unregulated Supply Plants Allocated to Class I @ Wt. Av. Price		2,354		\$5.95	140.06
TOTAL PRODUCER MILK VALUE @ 3.5% TEST		38,347,043			\$2,299,830.50

BASE AND EXCESS PRICES

	Milk Pounds	Cwt. Price @ Test	Amount	
TOTAL PRODUCER MILK VALUE @ 3.5% TEST	38,347,043			\$2,299,830.50
Excess Producer Milk Used in Class I	-	-	-	-
Excess Producer Milk Used in Class II	3,944,441	\$4.77	\$188,149.84	
UNIFORM EXCESS PRICE - 3.5% TEST	3,944,441	4.77		188,149.84
Total Value of Base Milk	34,402,602	6.138142		2,111,680.66
Less Producer-Settlement Fund Reserve	34,402,602	.048142		16,562.10
UNIFORM BASE PRICE - 3.5% TEST	34,402,602	\$6.09		\$2,095,118.56

JULY 1971 MINIMUM PRODUCER PRICES CWT. f.o.b. POOL PLANTS (0-65 MILE ZONE)

BUTTERFAT DIFFERENTIAL 8.0¢ PER POINT (EXCLUDES PREMIUMS)

TEST-%	BASE	EXCESS	TEST-%	BASE	EXCESS	TEST-%	BASE	EXCESS
3.0	\$5.69	\$4.37	4.0	\$6.49	\$5.17	5.0	\$7.29	\$5.97
3.05	5.73	4.41	4.05	6.53	5.21	5.05	7.33	6.01
3.1	5.77	4.45	4.1	6.57	5.25	5.1	7.37	6.05
3.15	5.81	4.49	4.15	6.61	5.29	5.15	7.41	6.09
3.2	5.85	4.53	4.2	6.65	5.33	5.2	7.45	6.13
3.25	5.89	4.57	4.25	6.69	5.37	5.25	7.49	6.17
3.3	5.93	4.61	4.3	6.73	5.41	5.3	7.53	6.21
3.35	5.97	4.65	4.35	6.77	5.45	5.35	7.57	6.25
3.4	6.01	4.69	4.4	6.81	5.49	5.4	7.61	6.29
3.45	6.05	4.73	4.45	6.85	5.53	5.45	7.65	6.33
3.5	6.09	4.77	4.5	6.89	5.57	5.5	7.69	6.37
3.55	6.13	4.81	4.55	6.93	5.61	5.55	7.73	6.41
3.6	6.17	4.85	4.6	6.97	5.65	5.6	7.77	6.45
3.65	6.21	4.89	4.65	7.01	5.69	5.65	7.81	6.49
3.7	6.25	4.93	4.7	7.05	5.73	5.7	7.85	6.53
3.75	6.29	4.97	4.75	7.09	5.77	5.75	7.89	6.57
3.8	6.33	5.01	4.8	7.13	5.81	5.8	7.93	6.61
3.85	6.37	5.05	4.85	7.17	5.85	5.85	7.97	6.65
3.9	6.41	5.09	4.9	7.21	5.89	5.9	8.01	6.69
3.95	6.45	5.13	4.95	7.25	5.93	5.95	8.05	6.73

CHATTANOOGA ORDER MILK PRICE (3.5 PERCENT TEST)

Date	PRODUCER UNIFORM PRICES 1/				HANDLER CLASS PRICES 1/			
	Uniform	Per Hundredweight Base	Excess	Bf. Dif.	Class I Cwt.	Class I Bf. Dif.	Class II Cwt.	Class II Bf. Dif.
July '70	\$6.14 2/	\$6.31	\$4.60	8.2¢	\$6.76	8.4¢	\$4.60	8.0¢
Aug.	6.01	-	-	8.2	6.75	8.4	4.61	8.0
Sept.	6.32	-	-	8.4	6.76	8.4	4.66	8.1
Oct.	6.39	-	-	8.4	6.81	8.5	4.77	8.1
Nov.	6.47	-	-	8.2	6.92	8.4	4.82	8.0
Dec.	6.30	-	-	8.2	6.97	8.4	4.83	8.1
Jan. '71	6.28	-	-	8.2	6.98	8.4	4.79	8.0
Feb.	6.36	-	-	8.2	6.94	8.4	4.83	8.0
Mar.	6.21 2/	6.32	4.81	8.2	6.98	8.4	4.81	8.0
Apr.	6.04 2/	6.20	4.83	8.2	6.96	8.4	4.83	7.8
May	5.97 2/	6.17	4.77	8.0	6.98	8.1	4.77	7.8
June	5.95 2/	6.09	4.76	8.0	6.92	8.1	4.76	7.8
July	5.95 2/	6.09	4.77	8.0	6.91	8.1	4.77	7.8
Aug.	-	-	-	-	6.92	8.1	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE (Daily Average)			
	Chi. 92° Butter ¢ Lb.	Chi. Area Powder ¢ Lb.	Minn/Wisc. Mfg. Milk \$-Cwt-3.5%	Basic Formula Minimum	Class I Pounds	Test-%	Class II Pounds	Test-%
July '70	69.80	27.02	\$4.60	\$4.33	715,318	3.27	284,243	4.65
Aug.	69.80	26.85	4.61	4.33	694,169	3.27	347,743	4.45
Sept.	70.52	26.86	4.66	4.33	881,429	3.25	209,852	5.48
Oct.	70.12	26.85	4.77	4.33	875,572	3.37	221,288	5.94
Nov.	69.88	26.82	4.82	4.33	848,594	3.41	226,279	6.46
Dec.	70.40	26.90	4.83	4.33	760,876	3.36	342,699	5.48
Jan. '71	69.77	26.91	4.79	4.33	775,537	3.32	326,520	5.91
Feb.	69.78	27.12	4.83	4.33	770,040	3.34	251,416	6.51
Mar.	69.78	27.21	4.81	4.33	708,198	3.27	347,418	5.33
Apr.	67.78	29.19	4.83	4.33	749,022	3.23	536,940	4.46
May	67.78	31.57	4.77	4.33	751,952	3.18	604,745	4.25
June	67.78	31.55	4.76	4.33	696,375	3.19	545,571	4.27
July	67.78	31.63	4.77	4.33	693,356	3.22	543,645	4.25

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLERS GROSS MILK 3/			PRODUCER DATA				DELIVERIES PER		
	No. Hdlers.	Total Receipts	Class I Use	No. Prod.	Total Delivery	Base Delivery	Average Test-%	Farm --- Prod.	Pounds Base	Exc.
July '70	21	1,124,146	775,421	744	999,561	903,625	3.66	1,343	1,215	128
Aug.	21	1,153,814	753,698	742	1,041,912	-	3.66	1,404	-	-
Sept.	20	1,184,034	952,991	742	1,091,281	-	3.68	1,471	-	-
Oct.	20	1,196,873	948,068	748	1,096,860	-	3.89	1,466	-	-
Nov.	20	1,166,551	910,227	745	1,074,873	-	4.06	1,443	-	-
Dec.	19	1,212,913	822,193	743	1,103,575	-	4.02	1,485	-	-
Jan. '71	19	1,201,136	838,128	739	1,102,057	-	4.09	1,491	-	-
Feb.	19	1,130,134	833,673	731	1,021,456	-	4.12	1,397	-	-
Mar.	19	1,169,574	771,192	693	1,055,616	980,583	3.95	1,523	1,415	108
Apr.	20	1,411,347	812,400	854	1,285,962	1,142,972	3.74	1,506	1,338	168
May	20	1,489,326	810,302	890	1,356,697	1,167,808	3.66	1,524	1,312	212
June	20	1,346,798	746,820	886	1,241,946	1,117,489	3.67	1,402	1,261	141
July	21	1,372,089	791,680	882	1,237,001	1,109,761	3.67	1,402	1,258	144

1/ Excludes Premiums

3/ Other Source is Gross minus Producer

2/ Weighted average Price

Class II is Receipts minus Class I